

Message Text

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44

ACTION EUR-12

INFO OCT-01 EA-07 NEA-10 ISO-00 EURE-00 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 AID-05

COME-00 EB-07 FRB-03 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 OMB-01 STR-04 CEA-01 IO-13 /115 W

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O R 041136Z OCT 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 2284

DEPARTMENT TREASURY IMMEDIATE

AMEMBASSY MANILA IMMEDIATE

INFO AMEMBASSY TEHRAN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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MANILA FOR USDEL BANK/FUND MEETING

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: SCHMIDT'S STATEMENT ON DEUTSCHEMARK,
FOREIGN EXCHANGE MARKETS

1. CHANCELLOR SCHMIDT WAS REPEATEDLY ASKED LAST
NIGHT DURING VARIOUS TELEVISION INTERVIEWS WHETHER
HIS GOVERNMENT WOULD NOW ADDRESS ITSELF ON A
PRIORITY BASIS TO THE QUESTION OF A REVALUATION
OF THE DM WITHIN THE EC SNAKE. THE CHANCELLOR
REPLIED THAT OTHER SNAKE GOVERNMENTS HAD MADE KNOWN
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TO THE FRG THEIR DESIRE THAT THE DM SHOULD NOT BE

REVALUED IN ORDER TO AVOID THE INFLATIONARY IMPACT
OF SUCH A REVALUATION ON THEIR ECONOMIES.

2. FRANKFURT FOREIGN EXCHANGE MARKET IS CALM THIS
MORNING WITH DM SLIGHTLY WEAKENED AGAINST DOLLAR
AND ALL SNAKE CURRENCIES EXCEPT BELGIAN FRANC. AT
NOON DOLLAR IS VACILLATING IN NARROW RANGE AROUND
\$1 EQUALS DM 2.45. DEALERS TELL US THE MARKET IS
VERY UNCERTAIN AND STILL TRYING TO ASSESS ELECTION
RESULTS AND RENEWED DENIAL OF REVALUATION BY
CHANCELLOR SCHMIDT, WITH PRESENT MARKET OPINION
THAT REVALUATION VERY UNLIKELY AT LEAST FOR NEXT
WEEKS.
HILLENBRAND

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Margaret P. Grafeld
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04 MAY 2006

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